

Opening Remarks at
Trade, Employment and Competitiveness (TEC)
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Good morning, Ladies and Gentlemen. *[My Name is Maureen O'Neil; I am the president of IDRC.]* On behalf of IDRC, I would like to take this opportunity to welcome you to this the third seminar organized by the Centre's Trade, Employment and Competitiveness Program or TEC, as we call it. I trust that the session will prove fruitful to you personally and professionally and that the insights shared will broaden our understanding of current trade issues as well as help bolster the Southern perspective in future trade talks, be they global or regional.

I must say that the timing of this workshop strikes me as particularly opportune — much is happening on the global trade scene. The Doha Development Agenda launched by the WTO in November of 2001 appears stalled and seems unlikely to meet its target date for completion. Contrast the slow pace of WTO negotiations with the steady growth in regional and bilateral trade agreements, or RTAs. There are now some 200 of these formal arrangements in existence and many more underway.

Some analysts argue that the growth in RTAs has come at the expense of the multilateral process by, among other things, undermining the principle of non-discrimination that is at the core of the WTO's approach to global trade. Other analysts believe that RTAs can be used to prime the pump on global trade talks by *encouraging* neighbouring countries to pursue a multilateral track in order to level the playing field. Indeed, this was the tactic used in the 1980s to jumpstart the Uruguay Round of trade talks when they also stalled.

While the growth in RTAs is currently garnering a lot of ink in newspapers and magazines around the world, I can honestly say that it has been a subject of interest for some time at IDRC. Trade policy research networks supported by the Centre have been investigating the challenges and opportunities posed by regional arrangements for many years. Some of you seated here today are old friends of IDRC and TEC. Work undertaken by the Latin American Trade Network, the Red Mercosur, the African Economic Research Consortium, and others has shown that regional trade agreements among developing countries — those critical South-South partnerships — can increase

trade, boost economic growth and serve as springboards for broader negotiations at the global level.

But the approach taken in many of the recent RTAs has broadened the scope of trade negotiations. The free trade agreement between the US and Jordan, or our own country and Costa Rica are just two examples of the North-South sort.

For developing countries looking to promote economic growth by liberalizing trade and expanding exports, market access — especially to the affluent North — is the brass ring, the ultimate prize in trade negotiations. Pursuing a regional or bilateral track with developed countries can offer tangible benefits at a much faster pace than the WTO process. A recent study funded by IDRC and presented earlier this month in Geneva has shown that the time needed to complete the WTO accession process has risen steadily since 1995 and now stands at close to 10 years.

Given this long time horizon and the current impasse at the Doha table, it is not surprising that many developing countries unwilling to put their development plans on hold are choosing to pursue a regional and bilateral course of action instead. But I see a certain irony here and I will return to the study I just mentioned to explain.

Twenty-six countries, most of them developing nations, are queued to join the WTO. There is clear evidence that the price of accession has increased over time and threatens to make current applicants second-class citizens in the world trading system. And yet, in recent regional and bilateral trade agreements, developing countries are making commitments that *go well beyond* those that new WTO members have reluctantly accepted as the price of membership in the global trading body. Moreover, in some North-South agreements developing countries have committed to tough provisions on investment and competition - the very issues that threw the Doha Development Agenda into a tailspin at Cancun and that, under pressure from developing countries, have since been struck off the agenda for multilateral negotiations.

As I said earlier, there is a lot happening on global trade scene much of it seemingly contradictory. In their desire to gain greater market access, developing countries risk negotiating trade agreements without the full knowledge of what those commitments entail. Are they, to borrow from film-maker Stanley Kubrick, negotiating with their “eyes wide shut”?

Over the course of the day, you will have a chance to share the results of the research you have undertaken and pool the knowledge you have generated. It is through this type of exchange and similar exchanges with policymakers across the South that a knowledge base can be created to allow developing-country governments to negotiate future trade agreements with their eyes wide open. And I can assure you that IDRC remains committed to supporting you in this task.

I wish you luck in your deliberations and thank you for your hard work and dedication.

Thank you.